



WASHINGTON STATE DEPARTMENT OF REVENUE (DOR)

**Instructions for Completing the
Annual 2002 Combined Excise Tax Return**

The following instructions are provided to help you complete the *Annual 2002 Combined Excise Tax Return*. If you need further clarification of a tax classification or credit application, go to Department of Revenue's web site at <http://dor.wa.gov>. To get answers to frequently asked questions and business closure information, click on **BUSINESS**. For assistance in completing your return, click on **PUBLICATIONS**, then *Business Tax Guides*. You can also call our toll free number at (800) 647-7706 to obtain a copy.

DOR Tax Reporting Account/UBI Number (Tax

Registration Number): The nine-digit number on the line above your name and address on your *Combined Excise Tax Return* is your Tax Registration/UBI Number. This number is unique to you and your business. Please be sure to write this number on any attachments to your return, Deduction Detail, page 3, and on your check. For more information, see page 4, of the *Business Tax Guide* available on our web site at <http://dor.wa.gov>. Click on **PUBLICATIONS**, then *Business Tax Guides*.

Rounding: You may round off to the nearest whole dollar by dropping amounts that are less than 50 cents and rounding up amounts that are 50 cents or more. For example, if your gross sales for the reporting period total \$12,123.48 enter \$12,123.00 on the return. If your gross sales for the period total \$23,334.50, enter \$23,335.00 on the return. Round off all amounts, even the calculated tax due.

➤ **Tax Return Due Date:** The due date for the *Annual Combined Excise Tax Return* is January 31, 2003.

INSTRUCTIONS FOR COMPLETING YOUR RETURN

Getting Started

Starting at the top of page 1 below the title and heading:

1. If you would like to file your return electronically, please refer to the ELF instructions enclosed with your return information. Otherwise, proceed to number 2 below.
2. If you had an address change, indicate the change on the pre-printed address located at the top right of page 1.

Indicate whether this change was a business location or mailing address change by filling in the boxes located to the left, under the barcodes.
3. If your business closed during the last year, fill in the appropriate box and indicate the date the business closed in the space provided on page 1. To update your account information or to close your account with the Department of Revenue on-line, go to our web site at <http://dor.wa.gov>. Click on **DOR SERVICES**, then **Business Account Closure/Update**. You can also call us at (800) 647-7706.
4. If you had no business activity, fill in the appropriate box located under the calendar and due date information. Sign and date your return in the space provided and mail the original form to DOR in the self-addressed envelope provided. You may also call DOR's 24-hour automated attendant to file a no business return at (800) 647-7706.

I State Business and Occupation (B&O) Tax, Page 1

Lines 1-15

Locate the proper tax classification for your business activities on lines 1-15.

1. In column 1, on the line for the appropriate B&O tax classification, write the gross income resulting from your Washington business activities.
2. If you have deductions, enter the total deductions in column 2. (*Deductions must be itemized on pages 3 & 4*). If you have no deductions, write 0 in column 2.
3. Subtract column 2 from column 1. Write this amount in column 3. This is your taxable amount.
4. Multiply each taxable amount in column 3 by the rate in column 4 and write this amount in column 5. Total the amounts in column 5, lines 1-15, and write this amount in the *Total B&O Tax* box.

II State Sales and Use Tax, Page 1

State Retail Sales Tax, Line 16

1. On line 16, column 1, copy the amount from line 15, column 1. Amounts on lines 15 and 16, column 1, **must be the same**. (*If you are a printer and publisher, or a processor for hire, special instructions apply. Please refer to page 14 of the Business Tax Guide available on our web site at <http://dor.wa.gov>. Click on **PUBLICATIONS**, then *Business Tax Guides*. You can also call us at (800) 647-7706.*)
2. If you have deductions, enter the total deductions in column 2. (*Deductions must be itemized on page 4*). If you have no deductions, write 0 in column 2.
3. Subtract column 2 from column 1. Write this amount in column 3. This is your taxable amount.
4. Multiply the taxable amount in column 3 by the rate shown in column 4 and write this amount in column 5.

State Use Tax/Deferred Sales Tax, Line 17

1. Write the value of articles used on line 17, column 1.
2. Multiply the amount in column 1 by the rate shown in column 4. Write this amount in column 5.
3. Total the amounts in column 5, lines 16 and 17, and write this amount in the *Total State Sales and Use Tax* box.

III Local City and/or County Sales and Use Tax, Page 1

Local Sales Tax, Lines 18-22

1. On lines 18-22, write the location code(s) and rate(s) in the appropriate columns for each location where retail sales took place. If possible, please list location codes in numerical order. For local tax codes and rates,

refer to the *Annual 2002 Local Sales and Use Tax Rate Chart* sent with your tax return. For examples on determining your location code, refer to page 4 of these instructions.

Note: If you need additional space to report local sales taxes, you may attach a sheet with the additional information in the same format as on the return. You may also visit our web site at <http://dor.wa.gov> to download the *Local Sales and Use Tax Supplement Form* or request a copy from DOR.

2. Write your taxable amount for each location code in the Taxable Amount column.
3. Total the amounts in the Taxable Amount column and write this amount in the *Total Taxable* box. **This amount must be the same as line 16, column 3.**
4. Multiply each taxable amount by the local rate. Write the amount(s) in the Tax Due City or County column. **Do not include Regional Transit Authority, King County Food & Beverage, or Litter taxes here.**
5. Total the amounts in the Tax Due City or County column and write this amount in the *Total* box. Include amounts from the attachment if you have any additional sheets.

Local Use Tax/Deferred Sales Tax, Lines 23-25

1. On lines 23-25, write the location code(s) and rate(s) in the appropriate columns for each location in which use tax is due. If possible, please list location codes in numerical order. For local tax codes and rates, see the *Annual 2002 Local Sales and Use Tax Rate Chart* sent with the tax return. For examples on determining your correct location code and rate, see page 4 of these instructions.
2. Write your value of articles for each location code in the Value of Articles column.
3. Total the amounts in the Value of Articles column and write this amount in the *Total Value of Articles* box. **This amount must be the same as line 17, column 1.**
4. Multiply the value of articles amount for each location by the local rate. Write the result(s) in the Tax Due City or County column. **Do not include Regional Transit Authority, King County Food & Beverage, or Litter taxes here.**
5. Total the amounts in the Tax Due City or County column and write this amount in the *Total* box.

Regional Transit Authority (RTA) Tax, Line 26

1. **Do not include RTA tax with the local sales tax and/or use tax computation on lines 18-25.**
2. For sales occurring within RTA boundaries of King, Pierce and Snohomish counties, write the taxable amount in the Taxable Amount column on line 26.
3. Multiply the taxable amount by the rate shown. Write this amount in the Tax Due column.

King County Food and Beverage Tax, Line 27

Sales of food and beverages in King County restaurants, taverns and bars, which are subject to retail sales tax, are also subject to this tax.

1. **Do not include King County Food and Beverage Tax with the local sales tax computation on lines 18-25.**

2. Write the taxable amount in the Taxable Amount column on line 27.
3. Multiply the taxable amount by the rate shown. Write this amount in the Tax Due column.

Litter Tax, Line 28

Litter tax is owed on the gross sales of products in the following categories:

- | | |
|--|---|
| ➤ Food for human or pet consumption | ➤ Newspapers and magazines |
| ➤ Groceries | ➤ Household paper and paper products |
| ➤ Cigarette and tobacco products | ➤ Glass, metal, plastic or fiber containers |
| ➤ Soft drinks and carbonated beverages | ➤ Cleaning agents |
| ➤ Beer and other malt beverages | ➤ Toiletries |
| ➤ Wine | ➤ Non-drug drugstore sundry products |

1. Write the gross proceeds of sales for applicable products in the Taxable Amount column on line 28.
2. Multiply the taxable amount by the rate shown. Write this amount in the Tax Due column.

IV Lodging Taxes, Page 2

If applicable, the *Lodging Tax Rates By Location* chart was sent with your tax return. This chart includes the rates for Lodging Taxes. To report lodging locations, use the same location codes used for reporting local sales tax.

Transient Rental Income Information, Lines 37-38

1. Write the four-digit location code(s) on page 2, lines 37-38, in the appropriate column.
2. Write the income from transient lodging for each location code in the Income column. There is no tax computation required for lines 37-38. Write "0" if there was no lodging income for the reporting period.

Convention and Trade Center Tax, Lines 39-41

1. Write the location code(s) and rate(s) for each location in the appropriate columns on page 2, lines 39-41.
2. Write the taxable amount for each location in the Taxable Amount column.
3. Multiply the taxable amount by the rate and write this amount in the Tax Due column.
4. Total the amounts in the Tax Due column and write this amount in the *Total Convention & Trade Center Tax* box.

Special Hotel/Motel Tax, Lines 42-44

1. Write the location code(s) and rate(s) for each location in the appropriate columns on page 2, lines 42-44.
2. Write the taxable amount for each location in the Taxable Amount column.
3. Multiply the taxable amount by the rate and write this amount in the Tax Due column.
4. Total the amounts in the Tax Due column and write this amount in the *Total Special Hotel/Motel Tax* box.

V State Public Utility Tax, Page 2

Lines 45-51

1. In column 1, on the line for the appropriate public utility tax classification, write the gross income from your public utility activities.
2. If you have deductions, enter the total deductions in column 2. (*Deductions must be itemized on page 4*). If you have no deductions, write 0 in column 2.
3. Subtract column 2 from column 1. Write this amount in column 3. This is your taxable amount.
 - a) Total the taxable amounts in column 3, lines 45-51.
 - b) If the total taxable amount is **less than \$24,000**, no Public Utility Tax is due. Write 0 in the *Total State Public Utility Tax* box and proceed to Section VI, Other Taxes.
 - c) If the total taxable amount is **\$24,000 or greater**, proceed to step 4.
4. Multiply each taxable amount in column 3 by the rate in column 4 and write this amount in column 5.
5. Total the amounts in column 5, lines 45-51, and write this amount in the *Total State Public Utility Tax* box.

VI Other Taxes, Page 2

Lines 52-56

1. The gross income for tobacco products, refuse collection, and hazardous substance taxes is based on the wholesale value of the product. In column 1, on the line for the appropriate tax classification, write the gross amount.
2. If you have deductions, enter the total deductions in column 2. (*Deductions must be itemized on page 4*). If you have no deductions, write 0 in column 2.
3. Subtract column 2 from column 1. Write this amount in column 3. This is your taxable amount.
4. Multiply the taxable amount in column 3 by the rate shown in column 4 and write this amount in column 5.

Lines 57-59

1. The taxable amount for the solid fuel burning device fee is based on the number of devices sold; the syrup tax is based on number of gallons of syrup sold; and the state enhanced 911 tax is based on the number of switched access lines. On the line for the appropriate tax classification, write the number of items sold in the Quantity Sold column.
2. Multiply the Quantity Sold by the rate shown in the Rate column and write this amount in the Tax Due column 5.

Total Other Taxes, Lines 52-59

1. Total the amounts in the Tax Due column, lines 52-59.
2. Write this amount in the *Total Other Taxes* box.

VII Credits, Page 2

Lines 60-71

1. Enter credit amount on the appropriate line(s) excluding the Small Business B&O Tax Credit, line 66.
2. Utilize the *Annual Small Business B&O Tax Credit Table*, sent with your return, to determine if you are

eligible for this credit. If you are eligible, enter the amount on line 66 in the Amount column.

3. Total all credits on lines 60-71, and write this amount in the *Total Credit* box. Transfer this amount to Section VIII, line 33 on page 1 of the return.
4. Attach any documents or schedules required to support your credit(s) to the tax return.

VIII Totals, Page 1

Lines 29-36

1. Total all tax due amounts on page 1. This includes totals for B&O Tax, State Sales & Use Tax, Local Sales and Use Tax, RTA Tax, King County Food and Beverage Tax and Litter Tax. Write the total on line 29.
2. Total all tax due amounts on page 2. This includes totals for Lodging Taxes, State Public Utility Tax and Other Taxes. Write the total on line 30.
3. If applicable, write any rental car tax due from the *Rental Car Tax Addendum* on line 31.
4. Add lines 29-31 and write this amount on line 32.
5. Subtract line 33 from line 32 and write this amount on line 34.
6. If you file this tax return after the due date shown on page 1 of the tax return, you owe a penalty *. See penalty rates on page 1 of the tax return above the signature line. Multiply the penalty rate you owe by the subtotal on line 34, and write this amount on line 35.

*** Late Filing Penalties:** Penalty is due on all delinquent returns. However, no penalty applies if no tax is due. If you are filing your return late and are requesting a waiver of the penalty, please fill in the box at the bottom of page 1 and attach a written request to the return. The request must explain the circumstances that caused your return to be late.

The Department may waive the penalties or interest imposed upon finding that the failure to timely pay any tax was due to *circumstances beyond the taxpayer's control*. For more information on penalty waivers, visit our web site at <http://dor.wa.gov> and click on **BUSINESS**, then **Filing Your Tax Return**. You may also call our Tax Express System at (800) 334-8969 and enter code 429.

7. If reporting taxes for prior year(s), you may owe interest on line 36. Please call your local DOR office for more information.
8. Add lines 34-36, and write this amount in the *Total Amount Owed* box. This is the amount you owe.

Finishing Your Tax Return

To help us process your tax return, please:

1. Make sure the gross amounts reported occurred during January through December 2002.
2. If you have deductions, print your name and DOR Tax Registration/UBI number (Tax Registration Number) on the top of page 3, Deduction Detail page.
3. Attach the Deduction Detail page and any credit schedules to your return, if applicable.
4. **Sign and date the return.**
5. **Write a daytime phone number, including area code.**

6. Make a copy of your return for your files.
7. Write your DOR Tax Registration/UBI Number on your check.
8. Make the check payable to: Washington State Department of Revenue.
9. Do not staple your check to the return. Do not send cash or coin.
10. Mail the original return and payment, if due, in the self-addressed envelope enclosed with your return or mail to the address printed at the top center of page 1 of the return.

HELPFUL HINTS FOR REPORTING SALES AND USE TAX

Determining Location Codes and Local Tax Rates (WAC 458-20-145)

Sales of Tangible Personal Property Originating in Washington State

Businesses making sales of products must use the location code that corresponds to the place from where the product was delivered. Usually this is the retail outlet where the sale occurs. If the delivery is made from a warehouse at a separate location, the location of the warehouse determines the correct location code.

- ▶ **Example:** *A customer from Gig Harbor orders goods from a store located within the city limits of Tacoma. It makes no difference whether the customer picks up the goods, or the Tacoma store makes the delivery. The sale occurs at the Tacoma store. Thus, the location code and rate for Tacoma apply.*

Sales of Tangible Personal Property Originating in Another State

Businesses making sales of goods that originate in another state must use the location code and tax rate that correspond to the location of the in-state facility, office, agent or other representative that participates in the sale. The buyer's location will determine the location code and tax rate only if the seller has no in-state facility, outlet, agent or other representative that participates in the sale.

- ▶ **Example:** *A customer from Olympia orders goods from a business in Los Angeles. The seller has a representative who lives in Federal Way. Thus, the location code and tax rate for Federal Way apply.*
- ▶ **Example:** *A customer from Wenatchee orders goods from a Minneapolis company that does not maintain an in-state facility, office, agent, or other representative. The location code and tax rate for Wenatchee apply.*

Sales of Retail Services, Installation and Construction

Businesses performing retail services or selling products requiring significant installation must use the location code that corresponds to the place where the service or installation occurs.

- ▶ **Example:** *A Bellevue store sells carpet to a Redmond customer. As a condition of sale, the Bellevue store agrees to install the carpet in the customer's Redmond home. The Bellevue store will collect sales tax at the Redmond rate. (If the Bellevue store merely delivers the carpet without installation, the sale is subject to tax at the Bellevue rate. See prior example for sales of tangible personal property.)*

Lease or Rental of Tangible Personal Property

For short-term leases, the seller's (*lessor's*) location determines the applicable tax rate. Short-term leases are generally for less than 30 days and do not require periodic payments.

- ▶ **Example:** *A Spokane business rents a rototiller to a customer in Airway Heights for two days. The business will collect the applicable rate for Spokane.*

For long-term leases, the customer's (*lessee's*) location determines the applicable tax rate. Long-term leases are generally 30 days or more and require periodic payments.

- ▶ **Example:** *A person in Yakima enters into a 36-month vehicle lease with a Seattle leasing company. The Seattle company will collect the applicable rate for Yakima.*

If you have any questions about properly coding local sales and use tax, you can access the Department's Geographic Information System (GIS) that will identify the proper location code and tax rate for a specific address. GIS is available on the Department's web site at <http://dor.wa.gov>. Click on **DOR SERVICES**, then *Electronic Services*. You can also contact your nearest Department of Revenue office, or call (360) 902-7170.

Reporting Local Sales and Use Tax Rate Changes (WAC 458-20-199; -235)

Special instructions apply if local tax jurisdictions change tax rates or, due to incorporation, change their four-digit location codes in the middle of a reporting period. When such changes take place, the income must be split on the *Combined Excise Tax Return* between the old rate and the new rate, or the old location and the new location as shown in the examples below.

- ▶ **Example:** *The city of Kennewick imposed a new tax rate effective July 1, 2002. For sales taking place in Kennewick before July 1, the local tax rate was .015. Sales taking place on or after July 1, are taxed at .018.*

III LOCAL CITY AND/OR COUNTY SALES AND USE TAX				
Local Sales Tax (Enter applicable rate of tax)				Code 45
Total Taxable Amount, must be the same as line 16, column 3, Taxable Amount				
Line No.	Location Code	Taxable Amount	Local Rate	Tax Due City or Co.
18	0302	3,000 00	.015	45 00
19	0302	2,000 00	.018	36 00
20	Reflects January through		Reflects July through	
21	June income		December income	
22				
TOTAL TAXABLE		5,000 00	TOTAL	81 00

- ▶ **Example:** *The city of Liberty Lake incorporated as of October 1, 2001. For sales taking place before October 1, the local tax is coded to 3200. Sales taking place on or after October 1 are coded to the new location code of 3212.*

III LOCAL CITY AND/OR COUNTY SALES AND USE TAX				
Local Sales Tax (Enter applicable rate of tax)				Code 45
Total Taxable Amount, must be the same as line 16, column 3, Taxable Amount				
Line No.	Location Code	Taxable Amount	Local Rate	Tax Due City or Co.
18	3200	3,000 00	.013	39 00
19	3212	2,000 00	.016	32 00
20				
21	Reflects January through		Reflects October through	
22	September income		December income	
TOTAL TAXABLE		5,000 00	TOTAL	71 00

Persons who have not reported as instructed above when local sales tax changes have taken place must file an amended tax return. For more information on filing an amended tax return, see page 4 of the *Business Tax Guide* available on our web site at <http://dor.wa.gov>.